

Concierge Services at the Price of a Discount Store: Seven Secrets to Winning in the Strange (and Wonderful) New World of SMB Services

By Chun-Ling Woon

As we move forward into 2010, we are one year further along the Moore's Law curve – that rule that says that the cost per unit of processor technology halves every two years. In telecommunications, we have built on this computing power to knock down the limitations of the past one by one. In particular: though bricks-and-mortar companies have traditionally needed to incur a high cost for “concierge” services, new technologies in telecommunications mean that we can offer increasingly more sophisticated services without a required cost increase.

Take my recent experience at Nordstrom's, by way of comparison. On a business trip last summer to California, I realized that I was missing the appropriate shirt for an important meeting. I stopped by the local Nordstrom's department store, and was guided by my personal sales associate in just a few moments to the right garment, in the right size. When she learned that my meeting was in two hours, she then offered to have the shirt professionally pressed for me as well!

Of course, not every department store can afford to offer such “concierge” services: this is too expensive to consider offering to the mass market. While I waited for my shirt to be finished, however, I thought about how the same scenario plays out for my CSP customer, most importantly those enterprise customers that many CSPs hope will



replace revenues lost from fixed local and long-distance services.

CSP's enterprise customers certainly receive a high level of personalized attention. But—as at Nordstrom's—this comes at a price. My epiphany: it doesn't have to: Because of Moore's law and its ripple effect within telecommunications, we can offer very sophisticated services at K-Mart prices, thus tapping a much larger market. The secret: first: transform our operations so that we can offer these high-value services at a lower cost; second, pass those savings along to our customers; third, reap the rewards of the expanded customer base that exists at this new price point.

The High-Volume, Low-Cost, SMB Opportunity

“Every time that a CSP lowers the cost of its infrastructure—whether by leveraging standards-based approaches or engaging in a transformation project—its business opportunities expand,” Rob Rich, Managing Director of the TMForum Transformation and Insights Research Center, explains. “Telecoms have been spending years searching for the ‘holy grail’ of revenue-based margin growth, whether from content, advertising, or enterprise services. For many, those opportunities have failed to materialize, as competition has created continual downward price

pressure. While back office transformation has been ongoing for many years, in 2010 this focus on the cost side of the margin equation is changing to CSPs' primary mechanism for expanding margins. Especially in today's financial environment, enterprise customers have no appetite for high prices."

CSPs are looking to expand their sales into the enterprise by competing on the customer experience: a rich catalog of services, offered without errors, in a consistent and high-quality environment. To accomplish this goal, they are expanding their web portal offerings, seeking to emulate the success of other online market places.

Of course, the transition from bricks-and-mortar to online services in the retail sector has been going on for more than a decade. Amazon has nailed it, catalog companies like Lands' End have transformed their catalogues into lucrative online storefronts...so what is to be learned from their

ordering process is no difference in its strategic importance", said Susan McNeice Global Director of OSS/BSS Competitive Strategies at Stratecast. "Indeed," says McNeice, "Stratecast believes that the telecommunications companies that can offer the highest-quality experience in these three phases are those that will reap the highest rewards, especially in the latent SMB market."

Tim McElgunn, Broadband Advisory Services Chief Analyst at Pike & Fisher, was able to elaborate a bit on the ongoing feeding frenzy for SMBs. "A few years ago, many analysts predicted an opportunity for the SMB sector in the dozens of billions of dollars per annum." he told me. "Yet, today, these sales have not fully materialized. Pike & Fisher believes that back office issues have been a large part of the holdup. Cable operators, on the one hand, are familiar with mass-market sales, and have transformed their network to be able to offer sophisticated business services. The core technology is there, but remain are still gaps within

their



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"When we order a book from Amazon, our primary experience is in three phases: browsing the catalog, placing the order, and following the order through to its completion, and the arrival of a book on our doorstep. The telecommunications

functions like product design, serviceability analysis, QoS, and customer care for the enterprise remain a challenge. Fixed-line CSPs have a different problem: their back-office infrastructure is too complex and costly to allow for the price

culture:

reductions necessary to attract this market effectively.”

“Be in no doubt,” added McElgunn, “downward price pressure on the SMB market will continue, with very little opportunity for growing margins from the revenue side.”

Seven Essential Ingredients to Low-Cost, High-Value SMB Service Offerings

Like online retail companies, ConceptWave uses innovative IT technology to harness Moore’s Law as we help our CSP customers to offer concierge services at “bargain basement” prices. Here are the most important elements to achieve this goal:

Introduce a catalogue-centric order capture and fulfillment architecture. You wouldn’t stay long with an online bookseller that lacked an accurate view of which books are in the warehouse. As you introduce new offers, CSPs need to be able to both easily assemble them, as well as to ensure that they have the network capacity to offer them with full confidence of a glitch-free fulfillment. This is in contrast to the current situation at many service providers, where a highly manual and error-fraught IT process is invoked upon creation of a new offer. IT should, instead, provide the infrastructure so that the business can create the offer itself.

Create a service-aware product catalogue. Just as other systems need to be aware of a new offer, the catalogue also needs to be aware of new capabilities in the network and other parts of the CSP as they are brought online. This involves removing the knowledge of offer, product and service-specific parameters from the fulfillment systems and moving this knowledge into the catalogue. This enables time-to-market and also simplifies business logic within all systems. This reduces operating costs and fall-out, and increases customer satisfaction.

Introduce a standards-based order management platform. TMF’s shared Information and Data Model (SID) and other standardized interface specifications reflect both industry best practices, and also reduce the integration friction between OSS and BSS systems.

Adopt a policy-based, service-agnostic, approach to service fulfillment. Standardize fulfillment workflow activities across service types, while allowing for varied network element managers involved for each service. For example, the contracts involved in fulfillment should be “reserveResource” and “activateResource” rather than distinct implementations by service, e.g. “activateIPTV”. The catalogue specification provides the contract details, and a policy engine provides the end-point selection by service.

Rationalize product offerings and fulfillment strategies. Steps 1 through 4 lay the groundwork for the longer-term challenge of refactoring the fulfillment strategies in legacy silos to leverage the new framework. The goal: a unified sales experience that provides the same view of product and services regardless of whether the order arrives through a web portal, CSR, mobile device, retail store, or other channel. The choice of channel should not impact the user’s ability to order what they want, when they want it, and how they want it delivered. This is a step that, depending upon the size of the challenge, may never reach completion. Nevertheless, tremendous gains in operational efficiency can be had solely by tackling the low hanging fruit.

Offer structured order views: The Order Management platform needs to provide visibility not only into single order – single service status, but into a project world where VPNs are being established for a single client across hundreds of orders, each of which is interrelated, and each of which may contain a number of services to be fulfilled.

Offer full “enterprise self care” services, including post-order management. As Stratecast’s McNeice said above, ordering consists of three phases, yet the post-order timeframe is often neglected from a customer care point of view. Customers need visibility and control over orders after they are placed. To accomplish this, break down fulfillment steps into individually orchestrateable blocks that can then be managed through resequencing the activities, adding dependencies and notifications, and managing jeopardizes by varying the standard production flows. Ensure that your order management platform is capable of accepting real-time changes to individual workflow execution.

As I flew back from my trip to California, an airline snafu assigned me to the last seat of the plane: a cramped seat in the economy section. Unable to open my laptop, and hungry from the lack of meal service, I was left to think more about the compromises that some businesses have to make to cut costs low enough to appeal to a high-volume market. Sore from my long trip, I landed with a renewed determination to help my CSP customers offer the very best possible services to the largest possible group of customers.

End Note

About ConceptWave

ConceptWave®, a leading provider of telecom product catalog and order automation solutions, improves operations and facilitates multi-service product offering delivery. By working with communications service providers (CSPs) to leverage existing OSS investments, ConceptWave Order Care® suite of order management solutions delivers business transformation to seamlessly integrate offers and order fulfillment. For more information, visit www.conceptwave.com.

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